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AN ANALYSIS OF THE BUSINESS AND LABOR ENVIRONMENT OF CALIFORNIA'S CENTRAL VALLEY: A FOCUS ON PERCEPTIONS WITHIN THE INFORMATION TECHNOLOGY AND E-BUSINESS INDUSTRY

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Abstract

This research project seeks to conduct phone-bank interviews to determine which components of the business and labor environment in California's Central Valley can encourage or hamper growth in e-business and the Information Technology (IT) industry. The ultimate purpose is to provide guidance for various governmental agencies and educational institutions in their efforts toward combating the high 15% unemployment rate in this region (CA Employment 2001) through economic development activities in the IT sector. It is expected also that this information might be utilized to promote and assist efforts to create "industry clusters" and to further encourage growth in these high-tech industries.

Introduction

Economic development that targets e-business and the IT industry is currently a primary goal of various economic development agencies in many areas. The explosive growth of e-business through the Internet has fostered most of the increased levels of interest in promoting growth in this arena, but the telecommunications segment of the IT industry is also receiving strong consideration. Efforts to improve the climate for growth in this industry would be well received, and would make a significant contribution toward improving economic conditions in most communities. (Cohen 1999) The jobs that would be created are high-paying technical and professional positions, and these industries do not place a high level of stress on the environment or on the infrastructure.

Background

Within California's Central Valley, other researchers have examined the labor market and workforce characteristics in order to provide the data that is needed to guide educational and training programs to meet the needs of employers in this geographic region. (CCFI June 1999) This broad-based approach serves an essential purpose. In addition, studies have focused on the business and labor environment (CCFI July 1999) of the Central Valley as it relates to economic development efforts overall. (CCFI June 2000) There is evidence that suggests that a more focused development effort is required. (Welsh 2000) Within the editorial section of the major local newspaper, critical comments point toward a lack of direction in these efforts. Frank Dishman (2001) points out that the Fresno County Workforce Investment Board had to return 16 million dollars in unspent funds this year and yet unemployment remains around 15% in the region.

It would appear that this region is a prime candidate for growth in the IT area. Newspaper and talk radio stories have emerged that support this premise. There are many factors that would seem to buttress those ideas. The Central Valley has excellent educational facilities including many programs directed toward educating people in IT related fields. The unemployment rate is high, suggesting an available work force. Stories have been published recently lamenting the exodus of young college and tech school graduates to the jobs that are available in other areas. Adding to this situation is the proximity of economically active areas

such as Los Angeles, San Francisco, and of course Silicon Valley. Having all these job markets with their high demand for technical employees located within a few hundred miles exacerbates the IT employment situation for the Central Valley.

Anecdotal evidence suggests that the Central Valley has some competitive advantages over other areas in this region when promoting IT development. Housing costs are low compared to most parts of the state, crime rates are low, schools are good, and many of the "quality of life" components are favorable. But it must be noted that the telecommunications infrastructure is a very critical element for e-commerce and the IT industry. (Thurston 2000) There are also indications that governmental and civic leaders support growth in the IT areas, and are working toward this end. One tool that might help them in this effort would be more specific information regarding the factors that would encourage or discourage recruitment, retention, and growth of the IT industry within the Central Valley. (Collaborative Economics 1999)

Research Plan

This plan calls for research within the IT industry in the Central Valley to determine the factors that companies in this industry consider favorable or unfavorable in regards to the economic environment. The study will center on a survey instrument developed and pilot-tested in the Miami-Dade County area. It has been since refined to include some factors derived from the Labor Market Information Survey of Fresno County in 1999.

The first portion of the pre-tested survey instrument seeks limited demographic and organizational information about the respondent's business along with a brief overview of that particular organization. The intent is to gather some background data and yet still avoid being overly intrusive, which corrects a problem uncovered in the pilot study. In addition, information is sought regarding the current and future situation in regards to employment and the respondent's analysis of the labor market in specific specialties. Another question seeks to determine the attitude of the respondent toward telecommuting for that organization. The last section deals with questions related to the business climate. Some of the more significant aspects of the questionnaire are questions related to circumstances in the business and labor environment that would cause the organization to consider relocating. This tends toward an analysis of environmental conditions that may have an impact on behavioral intentions. A final question seeks to obtain permission to conduct a more in-depth interview related to the data communications infrastructure. This would facilitate further research into the impact infrastructure issues might have toward economic development within the IT industry.

Methodology

The survey will be administered to owners or high-level executives in IT related companies in California's Central San Joaquin Valley that is defined in this study as Madera, Fresno, and Tulare counties. The study could be conducted through a mail-out instrument, or as the subject of a phone bank operation utilizing the Social Research Lab at California State University-Fresno. The latter methodology seems to provide a much higher response rate, and would be expected to greatly improve the accuracy of the responses. A previous attempt to obtain data from a mail-out survey in Miami-Dade County had a net return of only 21 questionnaires from an initial mailing of 589. Invalid or obsolete addresses caused many of the non-responses, but even the responses from validated addresses and a second mailing failed to provide a significant improvement. The use of a current contact list, phone interviews, and a shorter (and less intrusive) instrument should increase the response rate dramatically. This would provide the statistical integrity needed to allow reliable inferences to be considered.

The actual number of cases to be included in the study would be determined by two factors. The most important factor would be the total known population of IT related business in the study area. The other factor would be the trade-off to be made between sample size and the cost of the study. Preliminary plans have suggested possible sample sizes of 300, 600, or 900 cases.

Anticipated Outcome

The study would seek to isolate those factors that have a significant influence on the behavioral intentions of decision-makers in the IT industry. Specific statistical measures could be attached to the various factors. The research would also seek to relate these significant factors to specific segments of the IT industry. This information could then be provided to the agencies or organizations that are in a position to implement improvements in those areas that were found to be critical to the recruitment, retention, and growth of businesses involved in the IT industry in the Central Valley. Recruitment efforts for the new Research and Technology Park under construction in the city of Clovis is a prime example of an endeavor that could utilize the data

collected in this study. Since Clovis has an active and aggressive city planning commission it would appear that they would be very interested in considering the results of this study.

Significance For the Field

The significance for the field of Information Systems would be derived in large part by the utilization of academic resources to provide an unbiased and statistically accurate analysis of the existing circumstances in the IT industry. By providing very credible information to key decision-makers, social and political pressures would be mitigated so that plans could be formulated without undue external influences. A much better understanding of the IT industry in this region would be an immediate result. Future plans include exporting the revised survey instrument and methodology to other regions where it can be administered in a manner that provides similar results for that area.

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